IC 8650-5

DUN'S BUSINESS MONTH

September 1981 $2.25

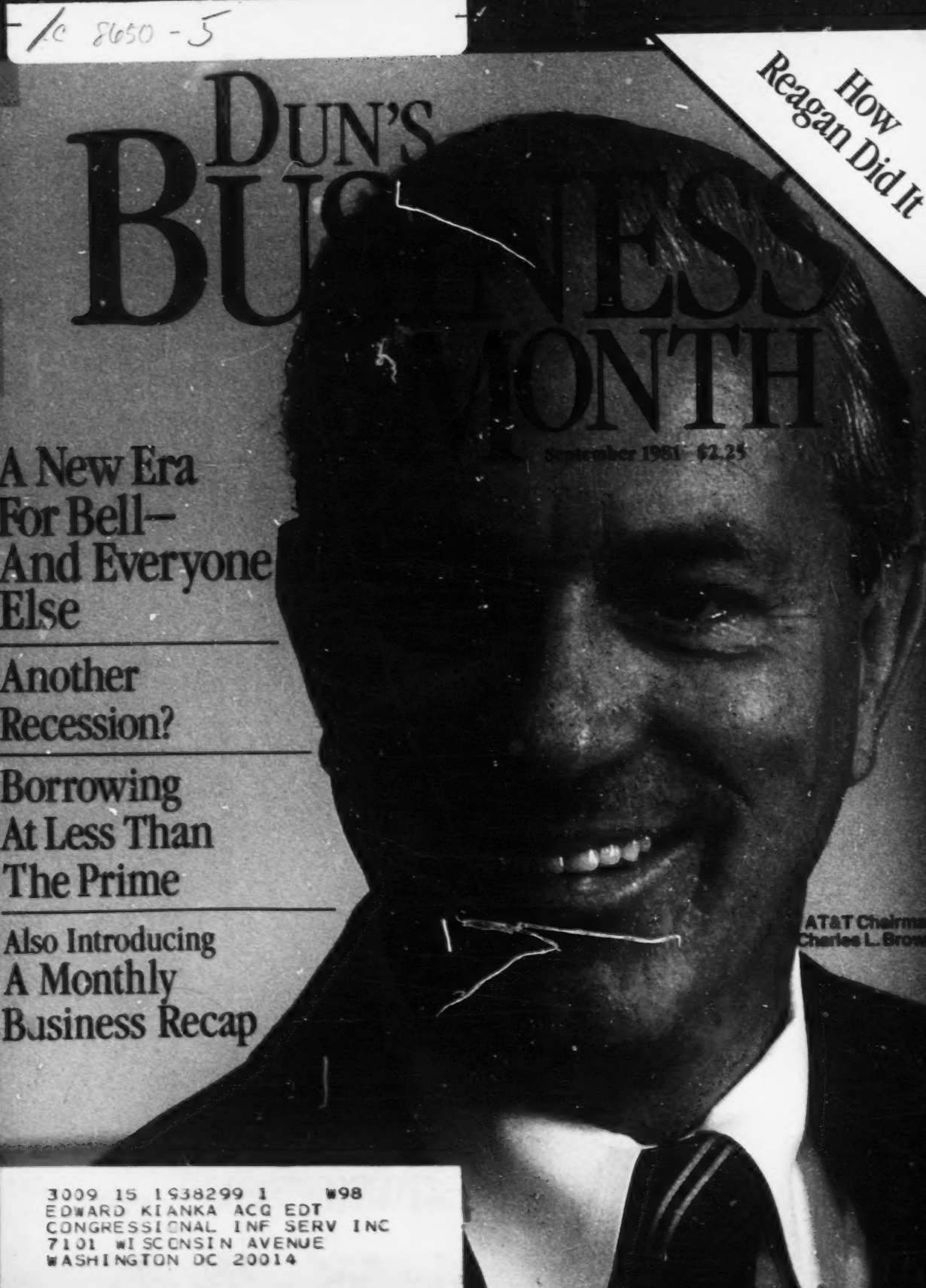
How Reagan Did It

A New Era For Bell– And Everyone Else

Another Recession?

Borrowing At Less Than The Prime

Also Introducing A Monthly Business Recap



AT&T Chairma
Charles L. Brow

3009 15 1938299 1 W98
EDWARD KIANKA ACQ EDT
CONGRESSIONAL INF SERV INC
7101 WISCONSIN AVENUE
WASHINGTON DC 20014

The Business Month

WASHINGTON

Reagan's tax triumph 21
Budget woes
Easier energy policy

ECONOMY

GNP slumps 22
The Fed hangs tough
Inflation cools
Unemployment slips

INTERNATIONAL

Britain's jobs drive 23
Germany's gloomy outlook
Japan's new trade tack
India bans strikes
Russia gobbles up U.S. grain
Western credit pact
Poland's debt problems

COMPANIES

Du Pont's Conoco triumph 26
Salomon Brothers sold
Harvester's tough times
Citibank's last straw
Chrysler's black ink
Atari's video game lawsuit
IBM and GM branch out

MONEY AND MARKETS

Cornering credit lines 31
Dismal bond outlook
Wall Street's mixed reviews
John Muir closes down

LABOR

Controlling air controllers 33

INDUSTRIES

Help for the thrifts 33
Strong earnings gain
Steel challenges standards

MANAGEMENT

New executive incentive 34
High cost of SARs

MARKETING

Nissan drives out Datsun 34
Low-calorie wine push
Land O'Lakes' new spread
Concentrated cleaner
Charge of the Chipwich

COMMUNICATIONS

Satellite-to-home TV 35
AT&T cancels test
New cable TV shows
Washington's fallen Star

TECHNOLOGY

Searle's new sweetener 36
Enter absorbent drugs
Exxon's energy flop
Compressor breakthrough

CITIES AND STATES

North Carolina's micro move 38
Chicago's executive teachers

Feature Departments

ECONOMY

Consequences of the Strong Dollar 40
The bad news is that many export industries are hurting and foreign tourism is turning soft. The good news is weakening inflation.

Hoadley on management
Another recession?

WASHINGTON

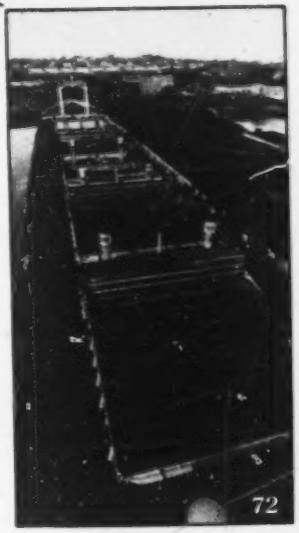
How Reagan Did It 48
Personal appeal, persuasive jawboning and a powerful political juggernaut won the President stunning legislative victories. But tougher tests are to come.

Next on Reagan's agenda
Shad's plans for the SEC

COMPANIES

A New Era For Bell—And Everyone Else 58
(Cover Story)
In a massive corporate reorganization, awesome AT&T is preparing for the new deregulated environment ahead in the dynamic telecommunications industry

The road to deregulation



INDUSTRIES

Coal Export Bonanza? 72
Foreign buyers are clamoring for American steam coal. But inadequate port facilities and high prices could hinder the industry's ability to cash in.

Hollywood fights back
Microwave oven boom

MANAGEMENT

Flexible Benefits Are Spreading Fast 82
To help control compensation costs while heeding workers' needs, many companies are giving employees a choice of benefits.

U.S. Home's unique program

Dun's BUSINESS MONTH

September 1981, Vol. 118, No. 3

MONEY AND MARKETS

Borrowing at Less Than The Prime Rate 91

Hurting from soft loan demand and strong competition from foreign banks, many U.S. lenders are offering cut-rate loans to keep less-than-prime customers.

Frenetic financial futures

INTERNATIONAL

Doing Business In Socialist France 96

But for planned nationalization of some major companies, the Mitterrand administration is adopting a positive attitude to private enterprise—and a Keynesian approach to economic growth.

The Canadians are coming

CITIES AND STATES

New Gimmicks In Municipal Finance 109

Beset by high interest rates and Reagan budget cuts, strapped cities are dreaming up innovative ways to lure investors.

Planning enterprise zones

58

109

TECHNOLOGY

Electronic Mail: After Years of Promise– It's Here and Now 112

The technology is in place for sending written messages around the world–instantly.

Dissolving metal

Shortstopping shoplifters

LABOR

New Union Bargaining Issue 119

In accepting management-inspired quality circles, the unions want assurances against possible abuses.

Letters 9
Immigration policy

BizQuiz 10
Remember past takeovers?

Surveys & Studies 121
Congress' top capitalists

Personal Finance 125
Tax bill cornucopia
Unappreciated growth stocks
Have condo prices peaked?
Multi mortgages

The Forum 135
'Comparable worth' debate

Dun's
BUSINESS
MONTH

Editor:
CLEM MORGELLO
Managing Editor: CAROL LEVY
Executive Editor: GERALD R. ROSEN
Assistant Managing Editor:
ARLENE HERSHMAN
Senior Editors: ROBERT LEVY
JOHN C. PERHAM, NILES HOWARD
ANN M. REILLY, MARILYN WILSON
Art Director: ALBERT J. RUDOLPH
Copy Editor: GEORGE LUBASZ
West Coast Editor: THOMAS J. MURRAY
Midwest Editor: LYNN ADKINS
European Editor: DAVID FAIRLAMB
Assistant Editors: SUSAN ANTILLA,
MARJORIE SIEGEL LYONS
Reporters:
G. BRUCE KNECHT, JOE WEBER
Researcher: MADDALENA S. VITRIOL
Editorial Assistants:
ELLEN JANE FRIEDMAN
MARION BURNS
Columnists: GARDNER ACKLEY
WALTER E. HOADLEY
ARNOLD R. WEBER
Production Manager:
MICHAEL D. McCABE

Publisher: ROBERT A. POTTS
Director of Circulation: JOE ZACCARIA
Director of Production: KAREN BARONI
Reprints Manager:
HERBERT V. PAUREISS

EXECUTIVE, EDITORIAL,
SUBSCRIPTION, ADVERTISING OFFICES
666 Fifth Avenue, New York, N.Y. 10103

ABC

DUN'S BUSINESS MONTH Publication Number (USPS-921-160). September 1981. Vol. 118, No. 3. EXECUTIVE EDITORIAL AND ADVERTISING OFFICE: 666 Fifth Ave., New York, N.Y. 10103. Address all mail to: 666 Fifth Ave., New York, N.Y. 10103. London Office: 130 Jermyn St., London S.W. 1, England. West Coast Office: 1801 S. LaCienga Blvd., Los Angeles, Calif. 90035. Printed at U.S. Highway 14 West, Waseca, Minn. 56093. Telex ITT 429073 DUNSREV. Tel: 212-489-2200.

Member Audit Bureau of Circulations. Published monthly by Dun & Bradstreet Publications Corporation. JAMES B. TAFEL, Chairman; JOHN K. ABELY, President.

SUBSCRIPTIONS: Please state title and company when subscribing. Publisher reserves the right to refuse nonqualified controlled subscriptions. Address correspondence regarding subscriptions, including change of address to: DUN'S BUSINESS MONTH Circulation Dept., 666 Fifth Avenue, New York, N.Y. 10103. Please include your Zip Code, and in case of change of address, copy of old address label. Single copy price: $2.25. Subscriptions: U.S. Possessions, one year $22, two years $40; elsewhere, one year $29, two years $53. Second-class postage paid at New York, N.Y. 10001 and at additional mailing office. Printed in U.S.A. © 1981 Technical Publishing. A Division of Dun-Donnelley Publishing Corp., A Company of The Dun & Bradstreet Corporation. All rights reserved. The contents of this publication may not be reproduced in whole or in part without consent of copyright owner. Prices on bulk reprints of articles available on request. This issue is published in Eastern, Central, Southern and Western editions as indicated by folio prefixes, E, C, S or W. This magazine is indexed in the Business Periodicals Index, in the Public Affairs Information Service, and also by volumes in an index available upon request to the Editorial Office. POST-MASTER: Please send form 3579 to Fulfillment Manager, DUN'S BUSINESS MONTH 666 Fifth Avenue, New York, N.Y. 10103.

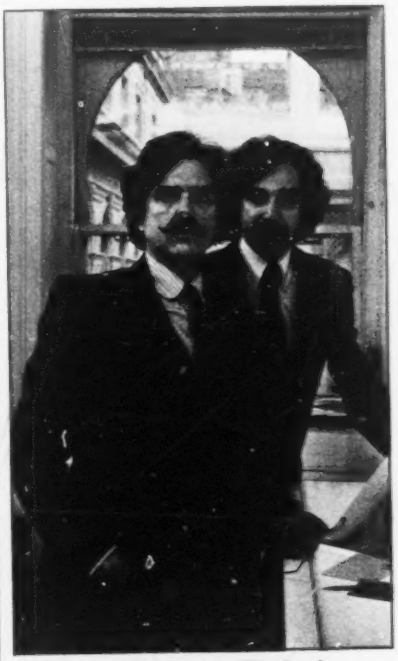
A Memo From the Editor

The New Dun's Business Month

Here is your first edition of DUN'S BUSINESS MONTH. Last month, Publisher Robert A. Potts commented on the broad mission of our revamped magazine—"to provide information-overdosed executives with a monthly overview." I should like to provide a bit more detail on what you will find in this issue, and what you can expect to find in subsequent issues.

The first major editorial change you will notice is The Business Month, a recap and analysis of the significant developments of the past month.

You probably will be familiar with some of the items. Skip them. We are confident you will come across many other items that are new. Other executives may read the items you skip, and skip the items you read. Information needs differ, and we have redesigned DUN'S BUSINESS MONTH with that in mind.



Hopkins, Friedlander: The basic goal is greater accessibility

In order that you can more easily find the kinds of news that interests you, we have departmentalized The Business Month. Certain departments will appear every month. These are The Economy, Washington, International, Money and Markets, Companies, Industries, Management and Technology.

We will typically run more than eight departments, and the optional ones will depend on the unfolding of events. This month, for example, we include departments on Labor, Cities and States and Marketing.

This important change in our editorial mix is a change that is an *addition*, not a substitution. We will of course continue to run our traditional in-depth features. These, too, will be departmentalized, with eight subjects running regularly. But the features have now been shortened somewhat, allowing us to run brief feature items in most departments.

With this issue, we also launch new features on Personal Finance and Surveys and Studies. The latter a series of brief recaps on the latest subjects being probed and polled.

Of course, it is likely that the very first thing you noticed about DUN'S BUSINESS MONTH was our completely redesigned graphics. This task was undertaken by Will Hopkins and Ira Friedlander of The Will Hopkins Group, which has designed *Geo* and *Sports Afield*, among others. Our cover logo and headlines now appear in the classic Garamond type. We have also switched to a larger, more readable body type in a face called Century Oldstyle. Hopkins says of his effort: "While of course we hope the design will be pleasing, one basic purpose was to make the contents more accessible to the reader."

—CLEM MORGELLO

losses, Oneida's earnings are also suffering on a reported basis. Nonetheless, Ziskin says, "I'm looking for a minimum of $3.75 a share in this fiscal year ending next January 31, up from $3.20 last year, and $5 next year."

Ziskin is also looking for improved market performance from other companies whose earnings are disappointing this year because of foreign currency losses. Either investors will smarten up now and realize that the reported numbers are masking real results, he says, or they will wait until earnings look better next year when new accounting rules are expected to eliminate currency fluctuations from reported earnings. Two companies that he believes are unduly depressed now are ad agency Foote, Cone & Belding and jeans maker Levi Strauss. Both have slipped sharply from their highs this year.

Foote, Cone & Belding earned $4.19 a share in 1980, and Ziskin expects earnings to rise to $5 a share before translation affects this year and to $6 in 1982. He looks for Levi

INVESTMENT UPDATE

Here's the current status of a number of investments, and a look at how they have fared over the past month and the past year.

Investment	(7/31/81) Recent Price	Value of $10,000 if invested: Month Earlier	Year Earlier
Common Stock (Index fund, capital gains and dividends reinvested) (per cent change)	**$17.27/share**	$ 10,000 0%	$ 11,262 +12.62%
Bonds (30-yr., 11¾% Treasury Bond) market value accumulated income total (per cent change)	**$84.688**	$ 9,552.80 $ 110.43 $ 9,663.23 −3.37%	$7,892.92 $1,095.00 $8,987.92 −10.12%
Money Market Fund (per cent change)	**17.06%**	$10,142.16 +1.42%	$ 11,498 +14.98%
Gold (Krugerrands) (per cent change)	**$426.50/oz.**	$ 9,532.28 −4.7%	$6,512.65 −34.9%
House (new single family) (per cent change)	**$95,200**	$ 94,100 +1.17%	$ 90,100 +5.66%

Sources: Vanguard Group Inc.; Salomon Brothers; Donoghue's Money Fund Report of Holliston, Mass. 01746; Deak-Perera Fifth Avenue, Inc.; Federal Home Loan Bank Board.

eels like it's doing nothing.

themselves off the track?

The TGVs are cushioned by Koni® shock absorbers, made by the same people of ITT who make Koni shocks for high-performance automobiles.

Aboard the TGVs ten of these shock absorbers are mounted between each pair of cars to steady and smooth out the ride.

And while they're doing so, they also help keep the TGVs safely on the tracks.

That's important, obviously.

Because when you're going très grande vitesse, you want très grande security, too.

The best ideas are the ideas that help people. ITT

© 1981 International Telephone and Telegraph Corporation, 320 Park Avenue, New York, N.Y. 10022